

ENGINEERING & CONSTRUCTION RISK INSTITUTE

Document number:

ECRI-RQ-004 (DESC)

Page:
1 of 1

Risk Breakdown Structure

Revised:

20 March 2010

Purpose: The purpose of this document is to suggest a hierarchy of possible risks, based on an industrial typical Risk Breakdown Structure.

Introduction: The Risk Breakdown Structure (RBS), is categorized by the potential source of the risk. The risks contained in the RBS are, by definition, uncertain events or conditions which, if they happen, will affect the project's objectives. The Level 2 Risks illustrated can be supplemented by a more detailed Level 3 breakdown tailored to suit individual E&C Company's business methods and specific risk management processes

Application: The RBS has four principal uses:-

- **Risk identification aid** – The higher levels of the RBS are used as a prompt list to ensure complete coverage of risk identification, and lower levels are used as a checklist. In addition the RBS can be used to structure lists of risks identified by other methods.
- **Risk assessment** – Identified risks can be mapped into the RBS and categorized by source. This exposes the most significant sources of risk to the project, and indicates areas of dependency or correlation between risks.
- **Comparison of alternatives** – Risks associated with competing bids and tenders can be compared directly if the same RBS is used to structure their associated risks. This can also provide input to trade-off studies examining alternative development options or investment decisions.
- **Risk reporting** – Different project stakeholders need different levels of reporting, and the RBS can be used to roll-up risk information to a higher level for senior management, as well as drilling down into the detail required to report on project team actions. Additionally, the RBS is used as an index to the E&C firm's historical records of risks identified and managed.

ECRI Description file – The complete version if this document is located in the Sponsors Resources area of this website and requires a Sponsors Login to access.

NOTICE

Subject to the disclaimer in the third and fourth sentences of this Notice, this document and its contents may be downloaded, reproduced, modified and adapted by any Sponsor of the Engineering & Construction Risk Institute, Inc. ("ECRI") for its exclusive use. Other reproduction, dissemination, use or modification of the Web site posting of this document is prohibited without ECRI's prior written agreement. ECRI, a nonprofit corporation incorporated under the laws of the District of Columbia ("ECRI"), and its directors, officers, employees and advisers make no representations or warranties (express, implied or statutory) with respect to the accuracy or completeness of any information disseminated by ECRI or its suitability for any purpose and assume no responsibility for the content of such information or the consequences of using it, which shall be at the sole risk of its user. ECRI web site references to other organizations or individuals or their publications, programs, information or services does not imply any ECRI endorsement of any kind.